

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HERRINGTON)	
HAVEN WASTEWATER COMPANY)	
FOR RATE ADJUSTMENT PURSUANT)	CASE NO. 96-317
TO THE ALTERNATIVE RATE FILING)	
PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On July 8, 1996, Herrington Haven Wastewater Company ("Herrington Haven") filed its application for Commission approval of a proposed increase in its rate for sewer service. The proposed rate for sewer service would generate additional annual revenues of \$4,317, an increase of 109 percent above test-year revenues. The Attorney General's Office ("AG") and Ellen L. Martin were granted intervention.

In May 1996, Commission Staff conducted a field review of Herrington Haven's test-period financial records. Based upon this review, Commission Staff issued its report recommending that Herrington Haven be authorized to increase its annual operating revenues by \$3,614.

By Order dated September 23, 1996, the Commission incorporated into the record the Staff Report and gave the parties 15 days to file comments or request a hearing or an informal conference. Ms. Martin requested an informal conference while the AG commented on the current number of customers and concurred in the request for a conference.

An informal conference was held at the Commission's offices on November 7, 1996. Information was presented at the conference to show that Herrington Haven now

has 23 customers, an increase of one since the preparation of the Staff Report. Based on this information, Staff revised downward its recommended monthly rate, from \$28.70 to \$27.45. All of the parties, as well as the customers in attendance at the conference, agreed to submit this case for a decision based on the record without a hearing.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report, except as noted below, are supported by the evidence of record, are reasonable, and are adopted as the Commission's findings in this proceeding and are incorporated by reference as if fully set out herein.

2. Herrington Haven provides sewer service to 23 customers and, thus, the Staff Report's recommended rate should be reduced to reflect one additional customer.

3. The rate in Appendix A, attached hereto and incorporated herein, is the fair, just, and reasonable rate for Herrington Haven and will produce gross annual revenues of \$7,574. This rate will allow Herrington Haven sufficient revenues to meet its operating expenses and provide for future growth equity.

IT IS THEREFORE ORDERED that:

1. The rate contained in Appendix A is approved for service rendered by Herrington Haven on and after the date of this Order.

2. The rate proposed by Herrington Haven would produce revenue in excess of that found reasonable herein and is denied.

3. Within 30 days of the date of this Order, Herrington Haven shall file with the Commission its revised tariff setting out the rate approved herein.

Done at Frankfort, Kentucky, this 12th day of December, 1996.

PUBLIC SERVICE COMMISSION

Linda K Breadbalt
Chairman

Edwin J. Hines
Vice Chairman

B. J. Helton
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-317 DATED 12/12/96

The following rates and charges are prescribed for the customers in the area served by Herrington Haven Wastewater Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates:

\$27.45